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Chapter 9 Counsel for Tulare Local Healthcare District

IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
FRESNO DIVISION

In re

CASE NO. 17-13797

**TULARE LOCAL HEALTHCARE
DISTRICT, dba TULARE
REGIONAL MEDICAL CENTER.**

DC No.: WW-70

Chapter 9

Debtor

Date: January 17, 2019

Time: 9:30 a.m.

Place: 2500 Tulare Street
Fresno, CA 93721
Courtroom 13

869 N. Cherry Street
Tulare, CA 93274

Judge: Honorable René Lastreto III

**MOTION FOR APPROVAL OF COMPROMISE OF CONTROVERSIES
(MB EQUIPMENT FINANCE, LLC AND MB FINANCIAL BANK, N.A.)**

TO THE HONORABLE RENÉ LASTRETO II, UNITED STATES BANKRUPTCY

JUDGE:

Tulare Local Healthcare District, dba Tulare Regional Medical Center ("District"), respectfully moves this Court for an order authorizing a compromise of disputes with Celtic Commercial Finance, a division of MB Equipment Finance, LLC and MB Financial Bank, N.A. ("Celtic").

1. The District filed a Chapter 9 Petition on September 30, 2017.
2. This Court has jurisdiction over this matter pursuant to 28 U.S.C.

1 Sections 1334 and 157. This is a "core" proceeding pursuant to 28 U.S.C. Section
2 157(b)(2).

3 3. This Motion is brought pursuant to FRBP 2002 and 9019(a) and seeks
4 authority to compromise and settle certain disputes between Celtic and the District
5 (collectively referred to as the "Parties").¹

6 4. This Motion is based on this Motion for Approval of Compromise of
7 Controversies, the Notice of Motion, the Memorandum of Points and Authorities, the
8 Declaration of Daniel Heckathorne ("Declaration"), and on such other and further
9 evidence as may be presented at the time of hearing.

10
11 **BACKGROUND**

12 5. The District filed an adversary proceeding on February 7, 2018 bearing
13 adversary proceeding case number 18-01008 asserting that Celtic had received
14 preferential and/or fraudulent transfers due to an alleged unauthorized sale/lease back
15 transaction, which is disputed by Celtic.

16 6. Since filing the adversary proceeding the Parties have engaged in
17 discussions leading to an overall resolution of the disputes between them.

18 7. The District gives its limited consent to the jurisdiction of the Court to hear
19 and consider approval of this Motion.

20
21 **AGREEMENT**

22 8. Following settlement discussions, the District and Celtic have agreed to a
23 compromise ("Settlement"). The material terms of the Settlement are as follows:

24 a) Payment of \$500,000 to Celtic on or before February 15, 2019.
25 b) Mutual releases between the District and Celtic;
26 c) Dismissal of the adversary proceeding;
27 d) Allowance of a general unsecured claim in favor of Celtic in the
amount of \$2,500,000;

28 ¹ See *City of Stockton* Opinion holding that in Chapter 9 approval of compromises not required. Opinion
is dated February 5, 2013.

- 1 e) Transfer of right, title and interest of Celtic to the District in all
- 2 assets subject to dispute;
- 3 f) Granting relief from stay to Celtic to permit it to pursue claims to
- 4 certain funds seized by the District Attorney for the County of
- 5 Tulare with a credit of \$2.50 against the allowed unsecured claim
- 6 for each \$1.00 recovered by Celtic; and
- 7 g) Treatment of the allowed unsecured claim may not be modified by
- 8 the District's Plan of Adjustment.

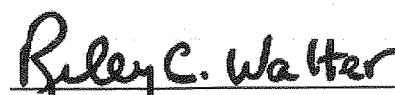
9 WHEREFORE, the District prays for the following:

- 10 1. For an Order authorizing the District to enter into and consummate the
- 11 Settlement pursuant to Bankruptcy Rule 9019(a).
- 12 2. For an Order authorizing the District to execute any and all documents
- 13 necessary to effectuate consummation of the Settlement; and
- 14 3. For such other and further relief as is just and proper.

15 Dated: January 4, 2019

16 WALTER WILHELM LAW GROUP,
17 a Professional Corporation

18 By:



19 Riley C. Walter, Chapter 9 Counsel for
20 Tulare Local Healthcare District, dba
21 Tulare Regional Medical Center